



## RESOLUTION

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### DECLARING THE INTENTION TO ESTABLISH COMMUNITY FACILITIES DISTRICT NO. 2005-1 (WAIAWA PROJECT).

WHEREAS, in response to petitions (collectively, the "Petition"), attached hereto as Exhibit A, submitted to the Council of the City and County of Honolulu, Hawaii by (a) Gentry Investment Properties, a Hawaii limited partnership ("Gentry"), and (b) the Trustees of the Estate of Bernice Pauahi Bishop, as the owners, collectively, of one hundred percent (100%) of the land shown on an exhibit map (the "Exhibit Map") attached to the Petition, the council proposes to establish a community facilities district (the "Proposed District") within the City and County of Honolulu under the terms of Chapter 34 of the Revised Ordinances of Honolulu ("Chapter 34"), with the boundaries of the Proposed District to be as shown on the boundary map of the Proposed District (the "Boundary Map") which is on file with the City Clerk of the city (the "City Clerk"); and

WHEREAS, concurrently with submission to the City Clerk of the Petition, Gentry has deposited with the city fees in the amount of \$10,000, which will be used to compensate the city for its costs of proceedings to establish the Proposed District, separate arrangements having been made for Gentry to pay that portion of such costs of proceedings as may become payable to third parties providing services to the city with respect thereto; and

WHEREAS, both the Petition and the Boundary Map refer to the Proposed District by the name "City and County of Honolulu Community Facilities District No. 2005-1 (Waiawa Project)," and the council proposes to utilize that name for the Proposed District; and

WHEREAS, the council intends to provide for the issuance of one or more series of bonds pursuant to Article 7 of Chapter 34 (all references hereafter in this resolution to Articles and Sections shall be deemed to be references to the corresponding Article or Section as set forth in Chapter 34 unless indicated otherwise), in a principal amount not to exceed \$150 million, which bonds shall be secured by the proceeds of the special taxes to be levied upon taxable property in the Proposed District (the "Special Tax Bonds") and the term of the bonds shall not exceed fifty (50) years from the date of adoption of a bond ordinance to be adopted pursuant to Article 7 providing for issuance of the first series of Special Tax Bonds; and



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WHEREAS, the council intends to establish that the term of the Proposed District shall not expire until all debt service on the bonds and incidental expenses related thereto are fully paid; and

WHEREAS, the types of public capital improvements (the "Special Improvements") to be financed, in total or in part, are described in Exhibit B, attached hereto and by this reference incorporated herein and made a part hereof; and

WHEREAS, the types of incidental expenses (the "Incidental Expenses") to be financed, in total or in part, are identified in Exhibit C, attached hereto and by this reference incorporated herein and made a part hereof; and

WHEREAS, the council further intends, except where funds are otherwise available, to provide for the annual levy of a special tax upon the taxable parcels within the Proposed District (the "Special Taxes") sufficient in amount to pay for the costs of the Special Improvements and Incidental Expenses, said Special Taxes to be calculated in accordance with the rate and method of apportionment thereof (the "Rate and Method of Apportionment") set forth in Exhibit D, attached hereto and by this reference incorporated herein and made a part hereof; and

WHEREAS, Section 34-2.3 provides that proceedings for the establishment of a community facilities district pursuant to Chapter 34 shall be instituted by the adoption of a resolution of intention containing the matters set forth in said Section 34-2.3, as provided hereafter in this resolution; and

WHEREAS, the Petition having been submitted by the owners of one hundred percent (100%) of the land proposed to be included in the Proposed District, and the Petition having included an express waiver of the requirement that, in this resolution, the council fix the time and place for a public hearing on the establishment of the Proposed District and describe the protest procedure, as otherwise required by Section 34-2.3; and

WHEREAS, Waiawa Development Corporation, the land developer of the proposed district, has submitted a letter dated November 9, 2004, that agrees that the land shown on the Exhibit E will be developed under "smart growth" principles which encourage town-centers, is transit and pedestrian oriented, and has a greater mix of housing, commercial and retail uses than traditional suburban developments. These principles are reflected in many publications, such as "Getting to Smart Growth," by Smart Growth Network and International City/County Management



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Association, and "Best Development Practices; a Primer for Smart Growth" by Reid Ewing; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu as follows:

1. The council hereby finds and determines that the Petition satisfies the requirements of Section 34-2.2 pertaining thereto; that the Petition is signed by authorized representatives of the two owners of all of the land shown on the Boundary Map to be included within the Proposed District; that the Petition expressly waives the requirement that, in this resolution, the council fix the time and place for a public hearing and describe the protest procedure respecting the Proposed District; and that the amount deposited with the city, namely \$10,000, will be used to compensate the city for the estimated costs of the city for the proceedings to establish the Proposed District, separate arrangements having been made for Gentry to pay that portion of such costs of proceedings as may become payable to third parties providing services to the city with respect thereto.
2. The Proposed District shall be established under the terms of Chapter 34 and shall be named the "City and County of Honolulu Community Facilities District No. 2005-1 (Waiawa Project)."
3. The council hereby establishes the initial boundary of the Proposed District as shown on the Boundary Map.
4. The types of Special Improvements proposed to be financed, in whole or in part, by proceeds of the Special Taxes and/or by proceeds of the Special Tax Bonds are set forth in Exhibit A.
5. The types of Incidental Expenses proposed to be incurred and authorized to be paid from the proceeds of the Special Taxes and/or the proceeds of the Special Tax Bonds are set forth in Exhibit B.
6. The Rate and Method of Apportionment of the Special Taxes shall be as set forth in Exhibit C unless modified in accordance with Chapter 34 prior to establishment of the Proposed District.
7. In reliance upon the express waiver, contained in the Petition, of the requirement that, in this resolution, the council fix the time and place of a public hearing on the establishment of the Proposed District and the protest



# CITY COUNCIL

CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

No. 04-353, CD1

## RESOLUTION

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procedure, as otherwise required by Section 34-2.3, the council makes no such provision in this resolution and defers to a later date to be determined the matter of fixing the time and place for such public hearing and/or describing the protest procedure.

8. The Proposed District shall have a term of not to exceed fifty (50) years from the date of adoption of a bond ordinance to be adopted pursuant to Article 7 providing for issuance of the first series of Special Tax Bonds.
9. The Chief Engineer of the city, as the term is defined in Section 34-2.4, is directed to study the Proposed District, to prepare the report required by Section 34-2.4 (the "Report") and to file the Report with the City Clerk at least ten (10) days prior to the council's consideration of the ordinance of formation to be adopted in accordance with Section 34-2.11 (the "Ordinance of Formation"). The Report shall include, but not be limited to, the information specified by said Section 34-2.4.
10. This resolution shall take effect immediately upon its adoption.



## RESOLUTION

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BE IT FINALLY RESOLVED that copies of this Resolution be transmitted to the Mayor, Managing Director, Director of Budget and Fiscal Services, Director of Facility Maintenance, Gentry Investment Properties, and the Trustees of the Estate of Bernice Pauahi Bishop.

INTRODUCED BY:

Donovan Dela Cruz (BR)

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\_\_\_\_\_  
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DATE OF INTRODUCTION:

November 15, 2004  
Honolulu, Hawaii

(OCS/111804/ct)

\_\_\_\_\_  
Councilmembers

Exhibit A

PETITION FOR ESTABLISHMENT OF A  
COMMUNITY FACILITIES DISTRICT UNDER  
CHAPTER 34, REVISED ORDINANCES OF HONOLULU

**TO THE COUNCIL OF THE CITY AND COUNTY OF HONOLULU :**

Pursuant to Section 34-2.1 of Chapter 34 of the Revised Ordinances of Honolulu ("Chapter 34"), the undersigned, as the authorized representative of the **Trustees of the Estate of Bernice Pauahi Bishop** (the "**Trustees**"), hereby represents and petitions as follows:

1. The Trustees are the owner of a portion of the privately-owned real property situated within the boundary line shown on the exhibit map attached hereto as Exhibit A, all of which is situated within the City and County of Honolulu, Hawaii (the "City").
2. The Trustees hereby petition the Council of the City and County of Honolulu (this "Council") to do the following:
  - a. to initiate legal proceedings pursuant to the provisions of Chapter 34 to establish a community facilities district to be known as the "City and County of Honolulu Community Facilities District No. 2005-1 (Waiawa Project)" ("CFD No. 2005-1") to encompass the real property shown on Exhibit A for the purpose of financing the acquisition and construction of the public capital improvements (the "Special Improvements") described in Exhibit B attached hereto and related incidental expenses of the proceedings and special tax bond financing; and
  - b. upon successful completion of the legal proceedings for establishment of CFD No. 2005-1, and subject to such terms and conditions as this Council may establish, to utilize this Council's best efforts to accomplish issuance and sale of special tax bonds as authorized to finance the acquisition and construction of the Special Improvements and

the related incidental expenses of the proceedings and bond financing.

3. Compliance with the fee deposit provisions of Section 34-2.1 of Chapter 34 has been accomplished by (a) a deposit of funds with the City by the other owner of property within CFD No. 2005-1, namely Gentry Investment Properties ("Gentry"), and (b) separate arrangements having been made for Gentry to pay that portion of such costs of proceedings as may become payable to third parties providing services to the City with respect thereto.

4. In anticipation of the submission by the owners of 100 percent of the land to be included in CFD No. 2005-1 of petitions for the waiver of the public hearing required under Chapter 34, the Trustees hereby waive the provisions of Section 34-2.3 requiring that the resolution of intention shall fix the time and place for a public hearing and shall describe the protest procedure respecting the establishment of CFD No. 2005-1.

5. This Petition has been executed and/or approved by the Trustees of the Estate of Bernice Pauahi Bishop in their fiduciary capacities as said Trustees, and not in their individual capacities. No personal liability or obligation under this instrument shall be imposed or assessed against said Trustees in their individual capacities.

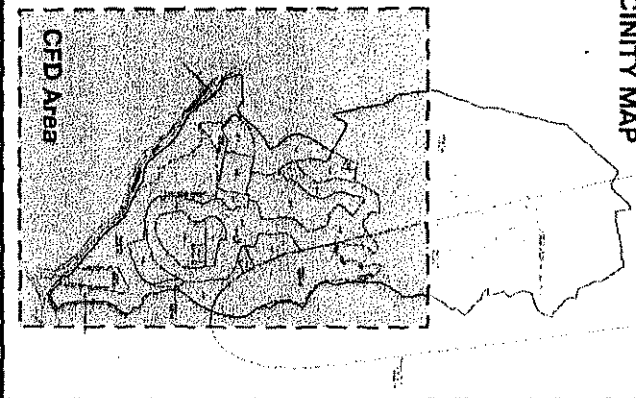
Respectfully submitted,  
TRUSTEES OF THE ESTATE OF  
BERNICE PAUAHI BISHOP

By   
(Signature)

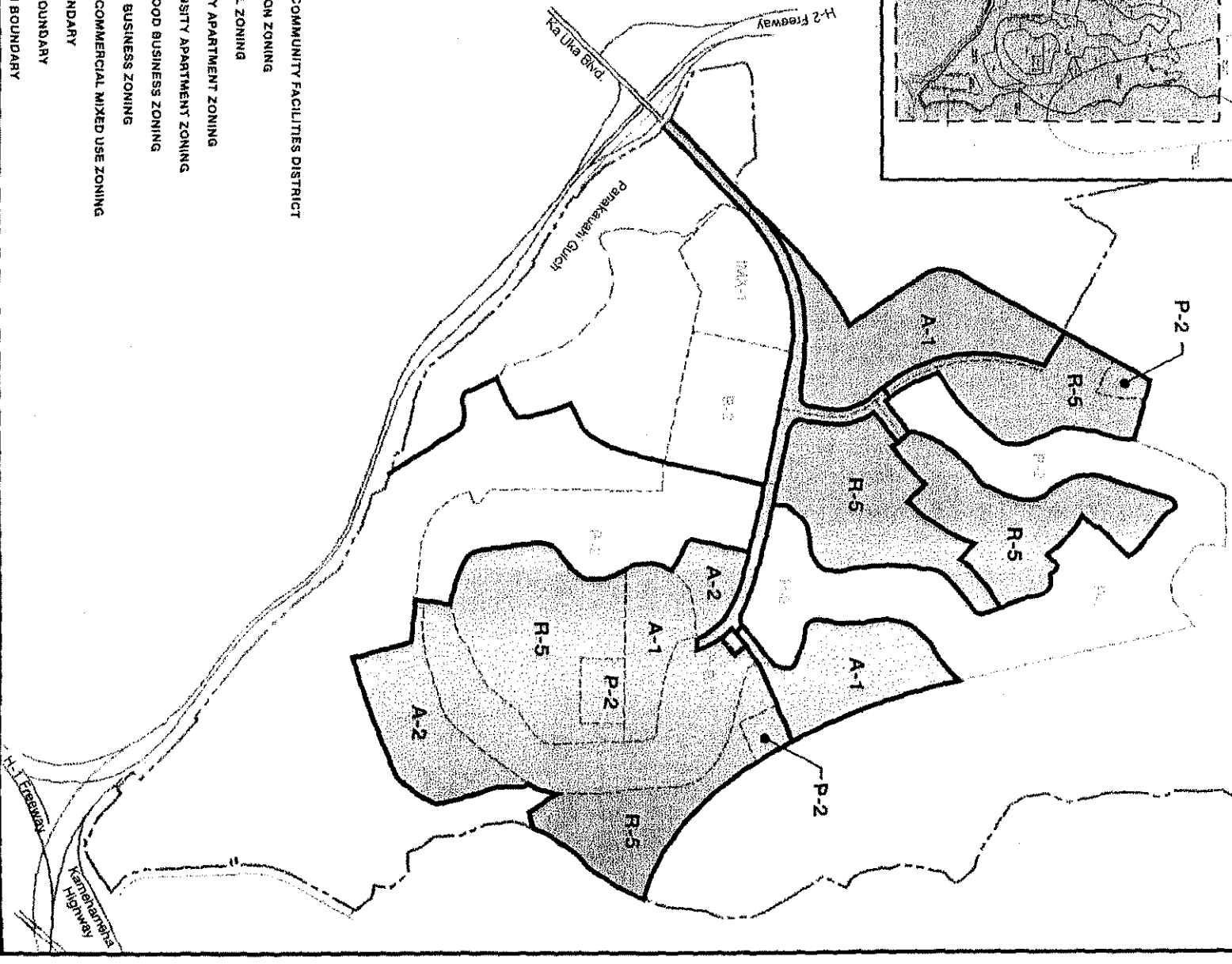
G. RICK ROBINSON  
(Print Name)

DIRECTOR, COMMERCIAL ASSET  
(Title)  
DIVISION

# VICINITY MAP



1999.53 62001020-1 K11.01.04.2



## LEGEND

- PROPOSED COMMUNITY FACILITIES DISTRICT
- P-2 PRESERVATION ZONING
- R-5 RESIDENTIAL ZONING
- A-1 LOW DENSITY APARTMENT ZONING
- A-2 MEDIUM DENSITY APARTMENT ZONING
- B-1 NEIGHBORHOOD BUSINESS ZONING
- B-2 COMMUNITY BUSINESS ZONING
- IMX-1 INDUSTRIAL-COMMERCIAL MIXED USE ZONING
- ZONING BOUNDARY
- PROPERTY BOUNDARY
- SUBDIVISION BOUNDARY

0 450 900 1800  
NORTH  
SCALE IN FEET

## PROPOSED BOUNDARIES COMMUNITY FACILITIES DISTRICT No. 2005-1 (WAI'AWA)

City and County of Honolulu, State of Hawaii



## Description of Proposed, Authorized Special Improvements

### Capital Facilities and Related Fees

1. Potable and non-potable water source development, storage, distribution and service improvements and facilities, including but not limited to grading, service access roads, landscaping, fire hydrants and fees payable to the City and County of Honolulu (the "City") or the State of Hawaii (the "State") or subdivisions thereof.
2. Wastewater collection, transmission and service improvements, including but not limited to expansion, relocation and replacement of prescribed existing wastewater collection and transmission lines and facilities, grading, service access roads, landscaping and fees payable to the City or the State or subdivisions thereof.
3. Public street improvements, including but not limited to grading, landscaping, utility facilities, and fees payable to the City or the State or subdivisions thereof.
  - a. Road A (approximately 10,400 ft)
  - b. Road B (approximately 5,000 ft)
  - c. Road C (approximately 2,850 ft)
  - d. Road D (approximately 1,650 ft)
  - e. Road E (approximately 3,100 ft)
  - f. Road F (approximately 3,400 ft)
  - g. Roads GC (approximately 5,800 ft)
  - h. Panakauahi gulch crossing, including culverts, service roads and embankments
  - i. Waipio Interchange improvements
  - j. Other public street improvements eligible under Chapter 34 (ROH), including, without limitation, secondary access roadways and/or bridge improvements.
4. HECO fees and costs for electrical transmission and service improvements and facilities, including but not limited to grading, service access roads, landscaping and fees payable to the City or the State or subdivisions thereof.
5. Stormwater collection, detention and service improvements and facilities, including but not limited to grading, service access roads, landscaping and fees payable to the City or the State or subdivisions thereof.
6. Other public improvements eligible under Chapter 34 (Revised Ordinances of Honolulu) situated within or adjacent to this proposed Community Facilities District No. 2005-1 (Waiawa Project) ("CFD No. 2005-1") and which are hereafter identified as necessary or convenient to the development of the Waiawa Project.

#### Incidental Expenses Related to the Authorized Capital Facilities

In addition to reimbursing the direct costs of acquiring, constructing and installing the foregoing authorized capital facilities and related fees, proceeds of the Special Taxes and proceeds of the Special Tax Bonds of CFD No. 2005-1 may also be expended to pay the incidental costs and expenses of the City or any party, including but not limited to Gentry Investment Properties or any related entity, reasonably related to the authorized facilities, in providing for the study (including environmental review, analysis and documentation), design, construction contract administration pertaining thereto and the reasonable general administration and overhead expense allocated thereto in accordance with customary practice in the industry.

PETITION FOR ESTABLISHMENT OF A  
COMMUNITY FACILITIES DISTRICT UNDER  
CHAPTER 34, REVISED ORDINANCES OF HONOLULU

TO THE COUNCIL OF THE CITY AND COUNTY OF HONOLULU :

Pursuant to Section 34-2.1 of Chapter 34 of the Revised Ordinances of Honolulu ("Chapter 34"), the undersigned, as the authorized representative of **Gentry Investment Properties, a Hawaii limited partnership ("Gentry")**, hereby represents, petitions and waives as follows:

1. Gentry is the owner of a portion of the privately-owned real property situated within the boundary line shown on the exhibit map attached hereto as Exhibit A, all of which is situated within the City and County of Honolulu, Hawaii (the "City").

2. Gentry hereby petitions the Council of the City and County of Honolulu (this "Council") to do the following:

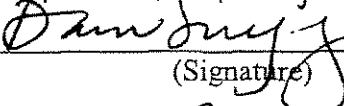
a. to initiate legal proceedings pursuant to the provisions of Chapter 34 to establish a community facilities district to be known as the "City and County of Honolulu Community Facilities District No. 2005-1 (Waiawa Project)" ("CFD No. 2005-1") to encompass the real property shown on Exhibit A for the purpose of financing the acquisition and construction of the public capital improvements (the "Special Improvements") described in Exhibit B attached hereto and related incidental expenses of the proceedings and special tax bond financing; and

b. upon successful completion of the legal proceedings for establishment of CFD No. 2005-1, and subject to such terms and conditions as this Council may establish, to utilize this Council's best efforts to accomplish issuance and sale of special tax bonds

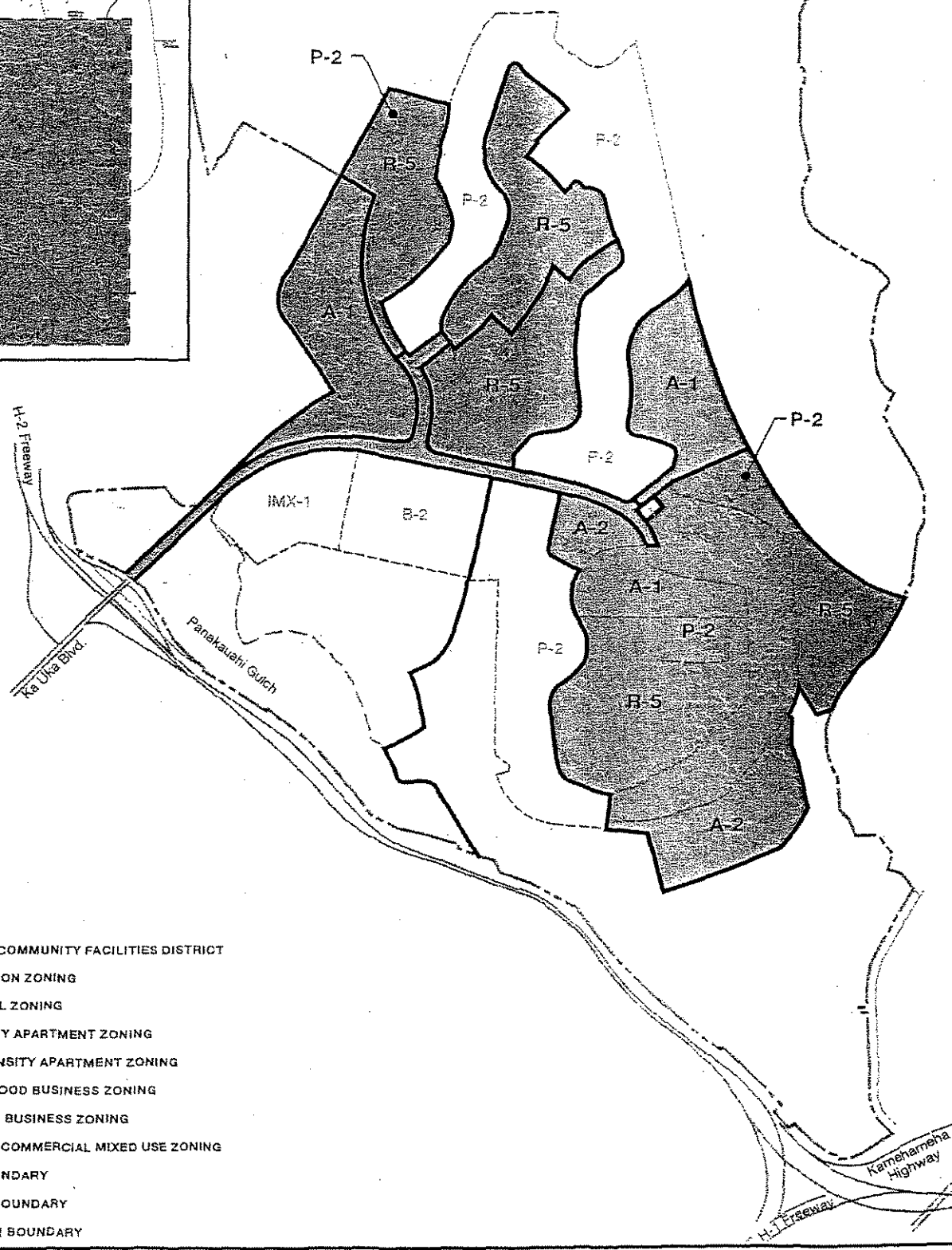
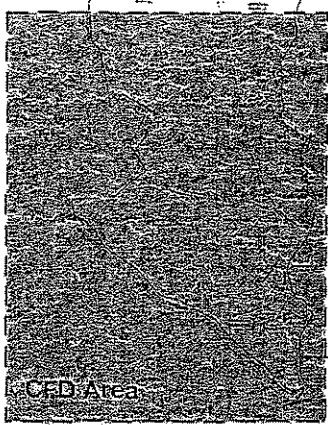
as authorized to finance the acquisition and construction of the Special Improvements and the related incidental expenses of the proceedings and bond financing.

3. Compliance with the fee deposit provisions of Section 34-2.1 of Chapter 34 has been accomplished by (a) a deposit of funds by Gentry with the City, made not later than the date of submission of this petition to the City, to pay the estimated costs to be incurred by the City prior to issuance of special tax bonds in conducting proceedings for establishment of CFD No. 2005-1 and (b) separate arrangements made by Gentry to pay that portion of such costs of proceedings as may become payable to third parties providing services to the City with respect thereto.


4. In anticipation of the submission of petitions from the owners of 100% of the land to be included in CFD No. 2005-1 of petitions for the waiver of the public hearing required under Chapter 34, Gentry hereby waives the provisions of Section 34-2.3 requiring that the resolution of intention shall fix the time and place for a public hearing and shall describe the protest procedure respecting the establishment of CFD No. 2005-1.

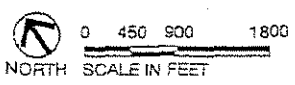
Respectfully submitted,  
GENTRY INVESTMENT PROPERTIES,  
a Hawaii limited partnership  
By *Gentry Pacific, Ltd., its general partner*  
By   
(Signature)  
Dawn Suyenaga  
(Print Name)  
Senior Vice President  
(Title)

# VICINITY MAP



## LEGEND

-  PROPOSED COMMUNITY FACILITIES DISTRICT
- P-2 PRESERVATION ZONING
- R-5 RESIDENTIAL ZONING
- A-1 LOW DENSITY APARTMENT ZONING
- A-2 MEDIUM DENSITY APARTMENT ZONING
- B-1 NEIGHBORHOOD BUSINESS ZONING
- B-2 COMMUNITY BUSINESS ZONING
- IMX-1 INDUSTRIAL-COMMERCIAL MIXED USE ZONING
- - - ZONING BOUNDARY
- - - - - PROPERTY BOUNDARY
- - - - - SUBDIVISION BOUNDARY



## PROPOSED BOUNDARIES COMMUNITY FACILITIES DISTRICT No. 2005-1 (WAIAWA) City and County of Honolulu, State of Hawaii

## Description of Proposed. Authorized Special Improvements

### Capital Facilities and Related Fees

1. Potable and non-potable water source development, storage, distribution and service improvements and facilities, including but not limited to grading, service access roads, landscaping, fire hydrants and fees payable to the City and County of Honolulu (the "City") or the State of Hawaii (the "State") or subdivisions thereof.
2. Wastewater collection, transmission and service improvements, including but not limited to expansion, relocation and replacement of prescribed existing wastewater collection and transmission lines and facilities, grading, service access roads, landscaping and fees payable to the City or the State or subdivisions thereof.
3. Public street improvements, including but not limited to grading, landscaping, utility facilities, and fees payable to the City or the State or subdivisions thereof.
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  - e. Road E (approximately 3,100 ft)
  - f. Road F (approximately 3,400 ft)
  - g. Roads GC (approximately 5,800 ft)
  - h. Panakauahi gulch crossing, including culverts, service roads and embankments
  - i. Waipio Interchange improvements
  - j. Other public street improvements eligible under Chapter 34 (ROH), including, without limitation, secondary access roadways and/or bridge improvements.
4. HECO fees and costs for electrical transmission and service improvements and facilities, including but not limited to grading, service access roads, landscaping and fees payable to the City or the State or subdivisions thereof.
5. Stormwater collection, detention and service improvements and facilities, including but not limited to grading, service access roads, landscaping and fees payable to the City or the State or subdivisions thereof.
6. Other public improvements eligible under Chapter 34 (Revised Ordinances of Honolulu) situated within or adjacent to this proposed Community Facilities District No. 2005-1 (Waiawa Project) ("CFD No. 2005-1") and which are hereafter identified as necessary or convenient to the development of the Waiawa Project.

#### Incidental Expenses Related to the Authorized Capital Facilities

In addition to reimbursing the direct costs of acquiring, constructing and installing the foregoing authorized capital facilities and related fees, proceeds of the Special Taxes and proceeds of the Special Tax Bonds of CFD No. 2005-1 may also be expended to pay the incidental costs and expenses of the City or any party, including but not limited to Gentry Investment Properties or any related entity, reasonably related to the authorized facilities, in providing for the study (including environmental review, analysis and documentation), design, construction contract administration pertaining thereto and the reasonable general administration and overhead expense allocated thereto in accordance with customary practice in the industry.

## EXHIBIT B

### DESCRIPTION OF AUTHORIZED SPECIAL IMPROVEMENTS

#### Capital Facilities and Related Fees

1. Potable and non-potable water source development, storage, distribution and service improvements and facilities, including but not limited to grading, service access roads, landscaping, fire hydrants and fees payable to the City and County of Honolulu (the "City") or the State of Hawaii (the "State") or subdivisions thereof.
2. Wastewater collection, transmission and service improvements, including but not limited to expansion, relocation and replacement of prescribed existing wastewater collection and transmission lines and facilities, grading, service access roads, landscaping and fees payable to the City or the State or subdivisions thereof.
3. Public street improvements, including but not limited to grading, landscaping, utility facilities, and fees payable to the City or the State or subdivisions thereof.
  - a. Road A (approximately 10,400 ft)
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4. HECO fees and costs for electrical transmission and service improvements and facilities, including but not limited to grading, service access roads, landscaping and fees payable to the City or the State or subdivisions thereof.
5. Stormwater collection, detention and service improvements and facilities, including but not limited to grading, service access roads, landscaping and fees payable to the City or the State or subdivisions thereof.
6. Other public improvements eligible under Chapter 34 (Revised Ordinances of Honolulu) situated within or adjacent to this proposed Community Facilities District No. 2005-1 (Waiawa Project) ("CFD No. 2005-1") and which are hereafter identified as necessary or convenient to the development of the Waiawa Project.



Incidental Expenses Related to the Authorized Capital Facilities

In addition to reimbursing the direct costs of acquiring, constructing and installing the foregoing authorized capital facilities and related fees, proceeds of the Special Taxes and proceeds of the Special Tax Bonds of CFD No. 2005-1 may also be expended to pay the incidental costs and expenses of the City or any party, including but not limited to Gentry Investment Properties or any related entity, reasonably related to the authorized facilities, in providing for the study (including environmental review, analysis and documentation), design, construction contract administration pertaining thereto and the reasonable general administration and overhead expense allocated thereto in accordance with customary practice in the industry.

## EXHIBIT C

### DESCRIPTION OF AUTHORIZED INCIDENTAL EXPENSES

It is anticipated that the following incidental expenses may be incurred in the proceedings for formation of the Proposed District, implementation of the authorized Special Improvements project and related bond financing and will be payable from proceeds of the Special Tax Bonds or directly from the proceeds of the Special Taxes:

- Engineering, Architectural (Building and Landscape), Geotechnical and Environmental and Related, Miscellaneous Consulting services
- Survey, Staking and Contract Administration services
- Permits, Plan Check Fees, Entitlement Processing Fees and Expenses
- Special tax consultant services
- City staff review, oversight and administrative services
- Bond Counsel and Disclosure Counsel services
- Financial advisor services
- Special tax administrator services
- Appraiser/Market absorption consultant services
- Initial bond transfer agent, fiscal agent, registrar and paying agent services, and rebate calculation service set up charge
- Bond printing
- Official Statement printing and mailing
- Publishing, mailing and posting of notices
- Recording fees
- Underwriter's discount
- Bond reserve fund
- Capitalized interest
- Governmental notification and filing fees
- Credit enhancement costs
- Real estate acquisition costs
- Rating agency fees
- Continuing disclosure services

The expenses of certain recurring services pertaining to the Proposed District may be included in each annual special tax levy. These include:

- Trustee, bond transfer agent, registrar and paying agent services
- Rebate calculation services and periodic arbitrage rebate payments
- Special tax administrator services
- Other necessary consultant services incidental to the administration of the Proposed District

Posting, collecting and enforcing payment of the special taxes,  
including but not limited to foreclosure attorneys' services  
Personnel and administrative services provided by City personnel  
Continuing disclosure services

The foregoing enumeration shall not be regarded as exclusive and shall be deemed to include any other incidental expenses of a like nature which may be incurred from time to time with respect to the Proposed District. Without limiting the generality of the foregoing, all expenditures made from the funds deposited by Gentry with the City to defray the City's expenses of the proceedings for the Proposed District and all amounts paid to Gentry to third parties providing services in connection with the proceedings for the Proposed District shall constitute authorized incidental expenses reimbursable to Gentry from either proceeds of the special taxes or proceeds of sale of the Bonds of the Proposed District.

## EXHIBIT D

**RATE AND METHOD OF APPORTIONMENT FOR  
CITY AND COUNTY OF HONOLULU  
COMMUNITY FACILITIES DISTRICT No. 2005-1  
(WAIAWA PROJECT)**

A Special Tax as hereinafter defined shall be levied on all Tax Map Key parcels in the City and County of Honolulu Community Facilities District No. 2005-1 (Waiawa Project) ("CFD No. 2005-1") and collected each Fiscal Year commencing in Fiscal Year 2006-2007, in an amount determined by the Council (defined below) through the application of the appropriate Special Tax for "Developed Property," "Taxable Exempt Property," and "Undeveloped Property" as described below. All of the real property in CFD No. 2005-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

"**Acre or Acreage**" means the land area of a TMK parcel as shown on a Tax Map, or if the land area is not shown on a Tax Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded City map.

"**Administrative Expenses**" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2005-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2005-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2005-1 or any designee thereof of complying with disclosure requirements of the City, CFD No. 2005-1 or obligated persons associated with applicable federal and state securities laws and the Ordinance; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 2005-1 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated by the CFD Administrator or advanced by the City or CFD No. 2005-1 for any other administrative purposes of CFD No. 2005-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"**Apartment Property**" means any TMK parcel of Residential Property that consists of a building or buildings comprised of attached residential units available for rental, but not purchase, by the general public and under common management.

**"Assigned Special Tax"** means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C.1.b. below.

**"Average Interest Rate"** means the quotient resulting from the division of (a) the sum of the interest rates borne by the Variable Rate Bonds on each Wednesday of the previous Fiscal Year divided by (b) the number of weeks for which the Variable Rate Bonds were outstanding in such Fiscal Year, as such quotient is calculated by the CFD Administrator. This rate shall be calculated without regard to the number of Variable Rate Bonds that were outstanding during the previous Fiscal Year or at the time of calculation.

**"Backup Special Tax"** means the Special Tax applicable to each TMK parcel of Developed Property, as determined in accordance with Section C.1.d. below.

**"Bonds"** means any bonds or other debt (as defined in Section 34-1.1 of the Ordinance), whether in one or more series, issued by CFD No. 2005-1 under the Ordinance.

**"CFD Administrator"** means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement, the Average Interest Rate, and various other amounts described herein providing for the levy and collection of the Special Taxes.

**"CFD No. 2005-1"** means the City and County of Honolulu Community Facilities District No. 2005-1 (Waiawa Project).

**"City"** means the City and County of Honolulu.

**"Conversion Amount"** means the costs of converting Variable Rate Bonds to Fixed Rate Bonds on a Conversion Date, including but not limited to underwriters or purchasers discount, legal fees and expenses, printing costs, Trustee's fees and costs, a charge for City staff related to such conversion, special tax consultant fees and expenses, appraisal fees, financial advisory fees and other similar expenses.

**"Conversion Date"** means any date on which any Variable Rate Bonds may be converted to Fixed Rate Bonds pursuant to the applicable Indenture for such Bonds.

**"Council"** means the Council of the City and County of Honolulu, acting as the legislative body of CFD No. 2005-1.

**"Day-Care Facility"** means any Non-Residential Property used exclusively to care for seven or more persons who are not members of the same family. This term includes day nurseries, preschools, kindergartens and adult day care.

**"Developed Property"** means, for each Fiscal Year, all Taxable Property, exclusive of Taxable Exempt Property, for which a building permit for new construction was issued after January 1, 2004 but prior to January 1 of the prior Fiscal Year.

**"Exempt Property"** means, for each Fiscal Year, all property designated as Day-Care Property, Property Owner Association Property, Private School Property, Religious Property and/or Public Property.

**"Extraordinary Special Tax"** means a Special Tax levied on Undeveloped Property as described in Section E.

**"Final Conversion"** means the date on which the last of any Variable Rate Bonds are redeemed or converted to Fixed Rate Bonds, which shall occur prior to the earlier of (i) the 10th anniversary of the issuance of the Variable Rate Bonds subject to conversion, or (ii) as determined by the CFD Administrator, the date on which 95 percent of the Acreage of Taxable Property anticipated at buildout of the CFD has been designated as Developed Property.

**"Fiscal Year"** means the period starting July 1 and ending on the following June 30.

**"Fixed Rate Bond"** means any Outstanding Bond that pays interest at a fixed rate until its principal has been fully amortized.

**"Indenture"** means the indenture, trust agreement, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

**"Land Use Class"** means any of the classes listed in Table 1.

**"Maximum Special Tax"** means the maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any TMK parcel.

**"Non-Residential Property"** means all TMK parcels of Developed Property for which a building permit permitting the construction of one or more non-residential buildings or facilities has been issued by the City.

**"One-Time Special Tax"** means a Special Tax that may be levied on Undeveloped Property as described in Section F, below.

**"Ordinance"** means Chapter 34 of the Revised Ordinances of Honolulu.

**"Outstanding Bonds"** means all Bonds which are deemed to be outstanding under the Indenture.

**"Private School Property"** means Non-Residential Property that is used exclusively as a school and owned and operated by a 501(c)(3) non-profit corporation, or some other non-profit entity.

**"Property Owner Association"** means a community area association, excluding condominium property regimes.

**"Property Owner Association Property"** means, for each Fiscal Year, any property within the boundaries of CFD No. 2005-1 that was owned by a Property Owner Association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

**"Proportionately"** means for Developed Property that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all TMK parcels of Developed Property, or where the Backup Special Tax is being levied, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all TMK parcels upon which a Backup Special Tax is being levied. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all TMK parcels of Undeveloped Property. The term "Proportionately" may similarly be applied to other categories of Taxable Property as listed in Section D below.

**"Public Property"** means any property within the boundaries of CFD No. 2005-1 that is transferred to a public agency on or after the date of formation of CFD No. 2005-1 and is used for rights-of-way or any other purpose and is owned by or dedicated to the federal government, the State, the City, or any other public agency; provided however that any property leased by a public agency to a private entity shall be taxed and classified in accordance with its use.

**"Religious Property"** means any parcel utilized exclusively for religious purposes that is also exempt from paying *ad valorem* property taxes to the City.

**"Residential Floor Area"** means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area for a TMK parcel shall be made by reference to the building permit(s) issued for such TMK parcel.

**"Residential Property"** means all TMK parcels of Developed Property for which a building permit permitting the construction thereon of one or more residential dwelling units has been issued by the City.

**"Single Family Attached Property"** means all TMK parcels of Residential Property for which building permits have been issued for attached residential units, excluding Apartment Property.

**"Single Family Detached Property"** means all TMK parcels of Residential Property for which building permits have been issued for detached residential units, excluding Apartment Property.

**"Special Tax"** means the special tax to be levied in each Fiscal Year on each TMK parcel of Developed Property, Taxable Exempt Property, and Undeveloped Property to fund the Special Tax Requirement, and shall include special taxes levied or to be levied under Sections D, E or F, below.

**"Special Tax Requirement"** means that amount required in any Fiscal Year for CFD No. 2005-1 to: (i) pay debt service on all Fixed Rate Bonds due in the calendar year commencing in such Fiscal Year; (ii) pay debt service on all Variable Rate Bonds due in the calendar year that commences in such Fiscal Year, assuming a constant interest rate of 3.0% for all Variable Rate Bonds for the 2005-06 Fiscal Year levy, and assuming a constant interest rate for each Fiscal Year thereafter equal to the Average Interest Rate for the Fiscal Year immediately preceding that for which the Special Tax Requirement is being determined; (iii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iv) pay Administrative Expenses; (v) pay any amounts required to establish or replenish any reserve funds for any Outstanding Bonds; (vi) pay for reasonably anticipated Special Tax delinquencies based on the delinquency rate for the Special Tax levy in the previous Fiscal Year; (vii) pay directly for acquisition or construction of facilities eligible under the Ordinance; less (viii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

**"State"** means the State of Hawaii.

**"Tax Map"** means an official map of the City designating parcels by Tax Map Key number.

**"Tax Map Key" or "TMK"** means a lot or parcel shown in a City Tax Map with an assigned tax map key number.

**"Taxable Property"** means all of the TMK parcels within the boundaries of CFD No. 2005-1 that are not exempt from the Special Tax pursuant to law or Section G below.

**"Taxable Exempt Property"** means all TMK parcels of Exempt Property that are not exempt pursuant to Section G below.

**"Trustee"** means the trustee, fiscal agent, or paying agent under the Indenture.

**"Undeveloped Property"** means, for each Fiscal Year, all Taxable Property not classified as Developed Property or Taxable Exempt Property.

**"Variable Rate Bond"** means any Outstanding Bond that is not a Fixed Rate Bond.

## **B. ASSIGNMENT TO LAND USE CATEGORIES**

Each Fiscal Year, all Taxable Property within CFD No. 2005-1 shall be classified as Developed Property, Taxable Exempt Property, or Undeveloped Property, and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C, D, E, and F, below. Residential Property shall be assigned to Land Use Classes 1 through 10 as listed in Table 1 below based on the type of use and the Residential Floor Area for each unit. Non-Residential Property shall be assigned to Land Use Class 11.



C. MAXIMUM SPECIAL TAX RATE

1. **Developed Property**

a. Maximum Special Tax

The Maximum Special Tax for each TMK parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

b. Assigned Special Tax

The Assigned Special Tax for each Land Use Class is shown below in Table 1.

**TABLE 1**

**Assigned Special Taxes for Developed Property  
Community Facilities District No. 2005-1  
Fiscal Year 2006-2007**

Land Use Class	Description	Residential Floor Area	Assigned Special Tax
1	Single Family Detached Property	> 3,200 sq. ft.	\$3,196 per unit
2	Single Family Detached Property	2,800 – 3,200 sq. ft.	\$2,815 per unit
3	Single Family Detached Property	2,400 – 2,799 sq. ft.	\$2,409 per unit
4	Single Family Detached Property	2,000 – 2,399 sq. ft.	\$2,222 per unit
5	Single Family Detached Property	1,600 – 1,999 sq. ft.	\$1,897 per unit
6	Single Family Detached Property	< 1,600 sq. ft.	\$1,556 per unit
7	Single Family Attached Property	> 1,000 sq. ft.	\$1,247 per unit
8	Single Family Attached Property	<= 1,000 sq. ft.	\$971 per unit
9	Apartment Property	> 850 sq. ft.	\$590 per unit
10	Apartment Property	<= 850 sq. ft.	\$465 per unit
11	Non-Residential Property	NA	\$16,495 per Acre

c. Increase in the Assigned Special Tax

The Assigned Special Taxes identified in Table 1 above shall be applicable for Fiscal Year 2006-2007, and shall increase thereafter, commencing on July 1, 2007 and on July 1 of each Fiscal Year thereafter, by an amount equal to two percent (2%) of the Assigned Special Tax for the previous Fiscal Year.

d. Backup Special Tax

The Fiscal Year 2006-2007 Backup Special Tax shall equal \$19,406 per Acre, and shall increase thereafter, commencing on July 1, 2007 and on July 1 of each Fiscal Year thereafter, by an amount equal to two percent (2%) of the Backup Special Tax for the previous Fiscal Year.

e. Multiple Land Use Classes

In some instances a TMK parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax levied on a TMK parcel shall be the sum of the Maximum Special Tax for all Land Use Classes located on that TMK parcel. The CFD Administrator's allocation to each type of property shall be final.

2. **Taxable Exempt Property and Undeveloped Property**

a. **Maximum Special Tax**

The Fiscal Year 2006-2007 Maximum Special Tax for Taxable Exempt Property and Undeveloped Property shall be \$19,406 per Acre, and shall increase thereafter, commencing on July 1, 2007 and on July 1 of each Fiscal Year thereafter, by an amount equal to two percent (2%) of the Maximum Special Tax for the previous Fiscal Year.

b. **Extraordinary Special Tax and One-Time Special Tax**

The Extraordinary Special Tax and the One-Time Special Tax, which apply to Undeveloped Property only as described in Sections E and F below, are not limited by specific maximum levels, but instead may be levied at whatever levels are required to meet the objectives of Sections E & F.

D. **METHOD OF APPORTIONMENT OF THE SPECIAL TAX**

Commencing with Fiscal Year 2006-2007 and for each following Fiscal Year, the CFD Administrator shall levy the Special Tax until the amount of Special Taxes levied equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied on each TMK Parcel of Developed Property at 100% of the applicable Assigned Special Tax for each Fiscal Year to and including the Fiscal Year in which Final Conversion occurs, irrespective of the Special Tax Requirement, in order to pay amounts described in the definition of the "Special Tax Requirement," as well as to accumulate funds to maintain an interest rate reserve account with respect to Variable Rate Bonds established under the Indenture at a level specified in the Indenture, to pay Conversion Amounts and for the redemption of Variable Rate Bonds under the Indenture. For each subsequent Fiscal Year, the Special Tax shall be levied Proportionately on each TMK parcel of Developed Property at up to 100% of the applicable Assigned Special Tax as needed to satisfy the Special Tax Requirement;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each TMK

parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each TMK parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such TMK parcel;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each TMK parcel of Taxable Exempt Property at up to the Maximum Special Tax for Taxable Exempt Property.

#### **E. EXTRAORDINARY SPECIAL TAX**

If at any time during a Fiscal Year the interest rate on Variable Rate Bonds exceeds the rate described in clause (a)(ii) of the definition of Special Tax Requirement that was utilized to determine that Fiscal Year's Special Tax Requirement, it may be necessary to levy an Extraordinary Special Tax on all Undeveloped Property to cover any shortfall in funds available to pay interest due on Variable Rate Bonds in such Fiscal Year.

Three business days prior to any interest payment date for Variable Rate Bonds, if sufficient funds are not available in a debt service or interest rate reserve account for the payment of Variable Rate Bonds under the Indenture, the CFD Administrator shall levy Special Taxes Proportionately on TMK parcels classified for such Fiscal Year as Undeveloped Property in an aggregated amount equal to the amount of the insufficiency, and the payment of Special Taxes so levied shall be due and payable on (and will be delinquent if not paid by) the day prior to such interest payment date. Special Taxes levied under Section E shall be levied by means of direct billing to the affected property owners.

#### **F. ONE-TIME SPECIAL TAX**

In any Fiscal Year up to and including the Fiscal Year in which the Final Conversion occurs, there shall be levied on each TMK parcel classified in such Fiscal Year as Undeveloped Property a One-Time Special Tax in an amount determined by the CFD Administrator as follows:

- (i) three business days prior to Final Conversion, in an amount equal to the cost of redemption of any Variable Rate Bonds that are not expected to be converted to Fixed Rate Bonds on the Final Conversion, and
- (ii) three business days prior to any Conversion Date in an amount equal to (a) the Conversion Amount, less (b) any amounts then available for payment of the costs of

conversion of Variable Rate Bonds to Fixed Rate Bonds on such Conversion Date in an account established for such purpose under the Indenture.

Special Taxes levied under this Section F shall be levied by means of direct billing to the affected property owners. Payment of Special Taxes so levied shall be due no later than the date of Final Conversion or the Conversion Date to which the levy pertains.

**G. EXEMPTIONS**

No Special Tax shall be levied on up to 213 Acres of Exempt Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Exempt Property. However, should land uses change such that a TMK parcel once designated as Exempt Property is no longer classified as Exempt, its tax-exempt status will be revoked.

Exempt Property that exceeds the 213 Acres allowed under this RMA shall no longer be exempt from Special Taxes under this section. This property shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fourth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Exempt Property. However, no Exempt Property or Taxable Exempt Property shall, under any circumstances, be subject to the Extraordinary Tax or the One-Time Special Tax.

**H. MANNER OF COLLECTION**

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2005-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent TMK parcels as permitted by the Ordinance. For purposes of Sections E & F, the CFD Administrator shall directly bill the affected property owners for the Extraordinary Special Taxes and One-Time Special Taxes, unless an alternative mechanism has been determined by the CFD Administrator.

**I. APPEALS**

Any landowner or resident who feels that the amount of the Special Tax levied on their TMK parcel is in error may submit a written appeal to CFD No. 2005-1. The CFD Administrator shall review the appeal and if the CFD Administrator concurs, the amount of the Special Tax levied shall be appropriately modified.

The CFD Administrator may interpret this Rate and Method of Apportionment for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals. Any decision of the Council shall be final and binding as to all persons.

**J. PREPAYMENT OF SPECIAL TAX**

The following definitions apply to this Section J:

**"Buildout"** means, for CFD No. 2005-1, that all expected building permits have been issued.

**"CFD Public Facilities"** means either \$92,911,000 in 2004 dollars, which shall increase by the Construction Inflation Index on July 1, 2005, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide the public facilities to be provided by CFD No. 2005-1 under the authorized bonding program for CFD No. 2005-1, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more Bonds (except refunding bonds) to be supported by the Special Taxes levied under this Rate and Method of Apportionment as described in Section D.1.

**"Construction Inflation Index"** means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

**"Future Facilities Costs"** means the CFD Public Facilities minus (i) public facility costs previously paid from the Improvement Fund, (ii) moneys currently on deposit in the Improvement Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance the cost of CFD Public Facilities.

**"Improvement Fund"** means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct CFD Public Facilities eligible under the Act.

**"Previously Issued Bonds"** means, for any Fiscal Year, all Outstanding Bonds that are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

**1. Prepayment in Full**

The obligation of a TMK parcel to pay the Special Tax may be prepaid and permanently satisfied as described herein only after the sale of Bonds by CFD No. 2005-1; provided that a prepayment may be made only for TMK parcels of Developed Property, Taxable Exempt Property or Undeveloped Property for which a building permit has been issued, and only if there are no delinquent Special Taxes with respect to such TMK parcel at the time of prepayment. An owner of a TMK parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of

such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such TMK parcel. The CFD Administrator may charge a reasonable fee for providing this service. Prepayment must be made not less than 45 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given by the Trustee pursuant to the Indenture.

The Special Tax Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
less	<u>Capitalized Interest Credit</u>
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Special Tax Prepayment Amount shall be calculated as follows:

**Paragraph No.:**

1. Confirm that no Special Tax delinquencies apply to such TMK parcel.
2. For TMK parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax. For TMK parcels of Taxable Exempt Property or Undeveloped Property for which a building permit has been issued, compute the Assigned Special Tax and Backup Special Tax for that TMK parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for that TMK parcel.
3. (a) Divide the Assigned Special Tax computed pursuant to paragraph 2 by the total estimated Assigned Special Taxes for the entire CFD No. 2005-1 based on the Developed Property Special Taxes which could be levied in the current Fiscal Year on all expected development through Buildout of CFD No. 2005-1, excluding any TMK parcels which have been prepaid, and  
  
(b) Divide the Backup Special Tax computed pursuant to paragraph 2 by the total estimated Backup Special Taxes at Buildout for the entire CFD No. 2005-1, excluding any TMK parcels which have been prepaid.
4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the Previously Issued Bonds to compute the amount of Previously Issued Bonds to be retired and prepaid (the "*Bond Redemption Amount*").

5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (e.g., the redemption price-100%), if any, on the Previously Issued Bonds to be redeemed (the "*Redemption Premium*").
6. Compute the current Future Facilities Costs.
7. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "*Future Facilities Amount*").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Previously Issued Bonds.
9. Determine the Special Tax levied on the TMK parcel in the current Fiscal Year which has not yet been paid.
10. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Special Tax Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses (defined below) from the date of prepayment until the redemption date for the Previously Issued Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 8 and 9 and subtract the amount computed pursuant to paragraph 10 (the "*Defeasance Amount*").
12. The administrative fees and expenses of CFD No. 2005-1 are as calculated by the CFD Administrator and include the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "*Administrative Fees and Expenses*").
13. The reserve fund credit (the "*Reserve Fund Credit*") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Previously Issued Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Previously Issued Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero. No Reserve Fund Credit shall be granted if the amount then on deposit in the reserve fund for the Previously Issued Bonds is below 100% of the reserve requirement (as defined in the Indenture).
14. If any capitalized interest for the Previously Issued Bonds will not have been expended as of the date immediately following the first interest and/or principal



payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the expected balance in the capitalized interest fund or account under the Indenture after such first interest and/or principal payment (the "*Capitalized Interest Credit*").

15. The Special Tax Prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the "*Prepayment Amount*").

From the Prepayment Amount, the amounts computed pursuant to paragraphs 4, 5, 11, 13 and 14 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Previously Issued Bonds or make debt service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Improvement Fund. The amount computed pursuant to paragraph 12 shall be retained by CFD No. 2005-1.

The Special Tax Prepayment Amount may be insufficient to redeem a full \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 9 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such TMK parcel from the City tax rolls. With respect to any TMK parcel that is prepaid, the CFD Administrator shall cause a suitable notice to be recorded in compliance with the Ordinance, to indicate the prepayment of the Special Tax and the release of the Special Tax lien on such TMK parcel, and the obligation of such TMK parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless, at the time of such proposed prepayment, the amount of Maximum Special Taxes that may be levied on Taxable Property within CFD No. 2005-1 (after excluding 213 Acres of Exempt Property as set forth in Section G) both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Previously Issued Bonds, plus the cost of annual CFD administration.

## **2. Prepayment in Part**

The Special Tax on a TMK parcel of Developed Property or a TMK parcel of Taxable Exempt Property or Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section J.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = [(P_E - A) \times F] + A$$

These terms have the following meaning:

PP = the partial prepayment.

P<sub>E</sub> = the Special Tax Prepayment Amount calculated according to Section J.1.

A = the Administrative Fees and Expenses calculated according to Section J.1.

F = the percentage, expressed as a decimal, by which the owner of the TMK parcel is partially prepaying the Special Tax.

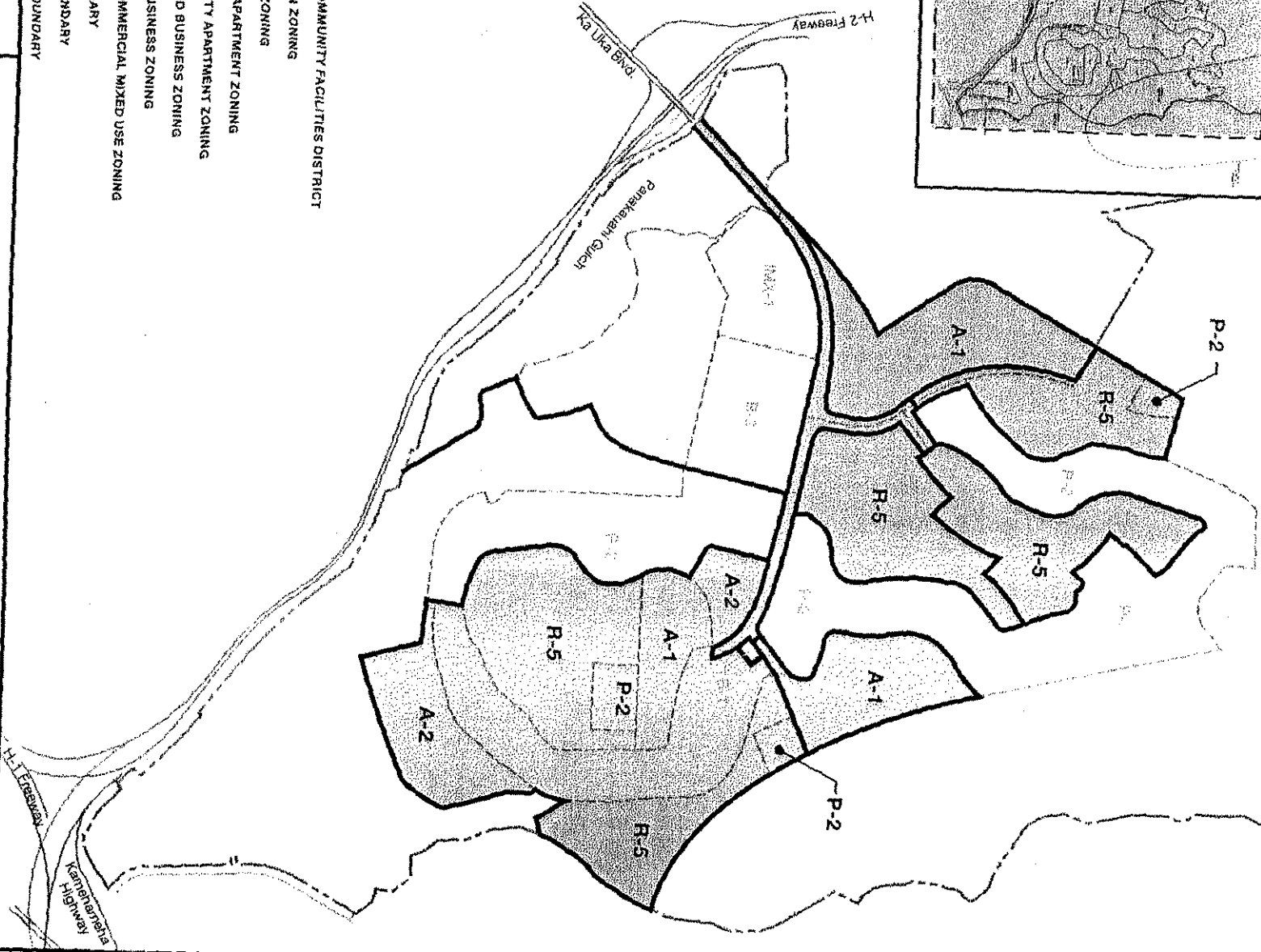
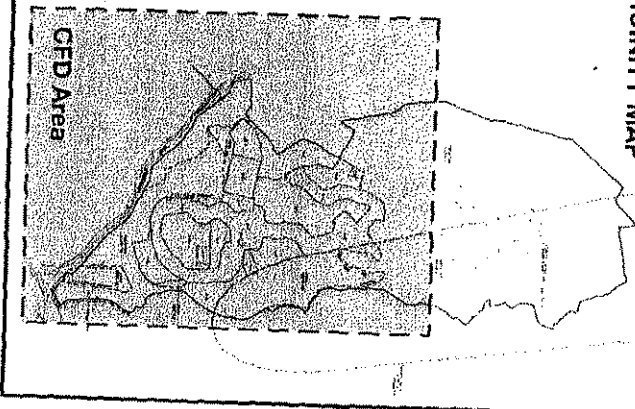
The owner of any TMK parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for a TMK parcel within 30 days of the request and may charge a reasonable fee for providing this service. With respect to any TMK parcel that is partially prepaid, the Council shall (i) distribute the funds remitted to it according to Section H.1, and (ii) indicate in the records of CFD No. 2005-1 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such TMK parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax, shall continue to be levied on such TMK parcel pursuant to Section D.

#### **K. TERM OF SPECIAL TAX**












The Special Tax shall be levied on each TMK parcel for a period not to exceed fifty years from the Fiscal Year in which such TMK parcel first becomes Developed Property.

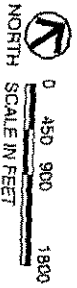
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VICINITY MAP



LEGEND

-  PROPOSED COMMUNITY FACILITIES DISTRICT
-  P-2 PRESERVATION ZONING
-  R-5 RESIDENTIAL ZONING
-  A-1 LOW DENSITY APARTMENT ZONING
-  A-2 MEDIUM DENSITY APARTMENT ZONING
-  B-1 NEIGHBORHOOD BUSINESS ZONING
-  B-2 COMMUNITY BUSINESS ZONING
-  IMX-1 INDUSTRIAL-COMMERCIAL MIXED USE ZONING
-  ZONING BOUNDARY
-  PROPERTY BOUNDARY
-  SUBDIVISION BOUNDARY



**PROPOSED BOUNDARIES**  
**COMMUNITY FACILITIES DISTRICT No. 2005-1 (WAI'AWA)**  
 City and County of Honolulu, State of Hawaii

CITY COUNCIL  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII  
CERTIFICATE

**RESOLUTION 04-353, CD1**

Introduced: 11/15/04 By: Chair Donovan M. Dela Cruz (BR)

Committee: B

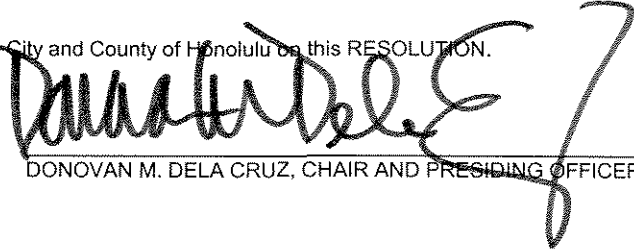
Title: RESOLUTION DECLARING THE INTENTION TO ESTABLISH A COMMUNITY FACILITIES DISTRICT, TO AUTHORIZE FINANCING FOR PRESCRIBED SPECIAL IMPROVEMENTS, TO AUTHORIZE LEVY OF A SPECIAL TAX, AND TO AUTHORIZE ISSUANCE OF BONDS SECURED BY PROCEEDS OF THE SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 2005-1 (WAIAWA PROJECT)

Links: [D-1032](#)  
[04-353](#)  
[04-353, CD1](#)  
[Related Communications](#)

Budget	11/30/04	CR-519 – Resolution reported out of committee for adoption as amended in CD1 form.
Council	12/1/04	CR-519 & Resolution (CD1) adopted.
		Cachola ..... Y   Dela Cruz ..... Y   Djou ..... Y   Gabbard ..... Y   Garcia ..... Y Kobayashi ..... Y   Marshall ..... Y   Okino ..... Y   Tam ..... Y

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this RESOLUTION.

  
DENISE C. DE COSTA, CITY CLERK

  
DONOVAN M. DELA CRUZ, CHAIR AND PRESIDING OFFICER